

48-3a-1302 Requirements.

- (1) To be a low-profit limited liability company, a limited liability company shall:
 - (a) contain in its name the abbreviation "L3C" or "l3c";
 - (b) state in its certificate of organization that it is a low-profit limited liability company;
 - (c) organize under this chapter; and
 - (d) be organized for a business purpose that satisfies, and at all times operates to satisfy each of the requirements under Subsection (2).
- (2) A low-profit limited liability company:
 - (a) shall significantly further the accomplishment of one or more charitable or educational purposes within the meaning of Section 170(c)(2)(B), Internal Revenue Code;
 - (b) shall demonstrate that it would not be formed but for the limited liability company's relationship to the accomplishment of a charitable or educational purpose;
 - (c) subject to Subsection (3), may not have as a significant purpose the production of income or the appreciation of property; and
 - (d) may not have as a purpose to accomplish one or more political or legislative purposes within the meaning of Section 170(c)(2)(D), Internal Revenue Code.
- (3) Notwithstanding Subsection (2), if a low-profit limited liability company produces significant income or capital appreciation, in the absence of other factors, the fact that the low-profit limited liability company produces significant income or capital appreciation is not conclusive evidence of a significant purpose involving the production of income or the appreciation of property.

Enacted by Chapter 412, 2013 General Session